

Press Release

Hypo Real Estate Bank AG finances the purchase of DGAG Deutsche Grundbesitz AG by Pirelli RE

- **Bridge financing for the acquisition of the company and closing costs of around €290 million**
- **A further approx. € 900 million for optimising existing financing structures will be provided**

Munich, 11 January 2007: Hypo Real Estate Bank AG is financing the purchase of 96.83% of DGAG Deutsche Grundvermögen AG ("DGAG") by the Italian Pirelli & C. Real Estate S.p.A. ("Pirelli RE"). For this purpose, the bank has now provided Pirelli RE with bridge financing for purchasing a share package of the company and closing costs of around €290 million. In order to refinance this bridge facility and also to optimise existing financing structures, Hypo Real Estate Bank AG will also provide further financing of approx. €900 million to Pirelli RE in the course of the next few months. The credit agreements were signed in December 2006.

Expansion to one of the leading real estate companies in Germany

On 9 October 2006, Pirelli RE announced that it had acquired DGAG Deutsche Grundvermögen AG from HSH Nordbank and private investors. DGAG holds approx. 22,500 apartments - mainly in Hamburg, Kiel and Lübeck – as well as numerous commercial properties, most of which are located in the region of Greater Hamburg. Pirelli RE is stepping up the rate of its growth with this acquisition, and plans to expand DGAG into the basis for future German activities. Following a restructuring of the group, the Italian real estate company will – as already announced – take on two further joint venture partners. Pirelli RE will hold the apartments in future together with RREEF Real Estate Opportunity Funds – an investment fund of the Deutsche Bank Group. The commercial properties will be held in a joint venture with MSREF (Morgan Stanley Real Estate Fund).

Frank Lamby, Member of the Management Board of Hypo Real Estate Holding AG and Spokesman of the Management Board of Hypo Real Estate Bank AG: "We are pleased that we are able to support Pirelli RE with its expansion into the German market with a customised financing solution. The purchase of DGAG Deutsche Grundvermögen is also an example for the still high attractiveness of the German real estate market and also for the unabated interest of international investors."

Hypo Real Estate Bank AG

Hypo Real Estate Bank AG is a member of the Hypo Real Estate Group, one of the largest European providers of commercial real estate financing, and consists of the non-operational listed holding company, namely Hypo Real Estate Holding AG based in Munich, and operational entities. Hypo Real Estate Bank AG, Munich, is the centre of competence of the group for the German market. The group's international real estate financing activities are combined in Hypo Real Estate Bank International AG (Stuttgart). The Public Finance and Capital Markets business is operated by Hypo Public Finance Bank (Dublin).

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